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THE WAY

THE WHITE HOUSE

WASHINGTON

INFORMATION May 13, 1970

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BOX 601

SECTION

MEMORANDUM FOR THE PRESIDENT

FROM:

Henry A. Kissinger

SUBJECT:

General Wheeler's Talk with the Shah of Iran

INIT DATA

ORIG) HSC
TO PAP

SUBF

General Wheeler has sent you the attached memorandum on his recent audience with the Shah while he was in Tehran for meetings of the CENTO military committee. The Shah was "friendly and courteous" but at the same time was "serious and grave."

General Wheeler feels that the Shah is deeply concerned about the security situation in the region after the British withdrawal. The following are some of the main points made by the Shah in this connection:

- -- The Persian Gulf is Iran's lifeline and Free World control of it is also a strategic necessity because of the oil.
- --He anticipates that the Soviets will, after the British with-drawal, attempt to stir up mischief in the smaller Gulf states. To counter this, Iran must support, and have the support of, the conservative Arab regimes in the area.
- --Iran must have the military capability to defend its borders and the Persian Gulf. His program calls for improvements of all elements of Iran's armed forces and especially the air force.
- --To meet his programs he must have more resources, either from increased sales of oil and/or from credit. The Shah appeared "rather bitter" about the attitude of the oil consortium. Also he feels that the U.S. should buy more Iranian oil, conserving our own reserves. He would then spend every dollar in the U.S. on military equipment and other purchases.

SECREM/NODIS

DECLASOR

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General Wheeler concludes that the Shah "is determined to create the military forces which he is convinced the security of Iran requires." He wants to buy the necessary equipment from us, "but he will get it elsewhere, reluctantly, if he has to do so."

Comment: The Shah continues to play hard on the same themes in all his contacts with us. He seems in fact to be testing the limits of our capacity to help him.

